MASS. SS9.2:M85/2000

MOTOR VEHICLE EXCISE *Information*

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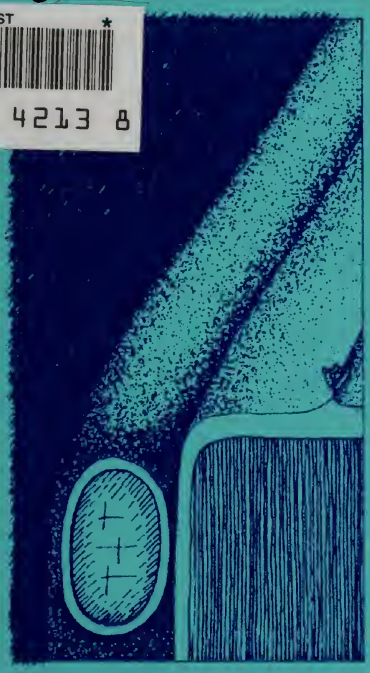

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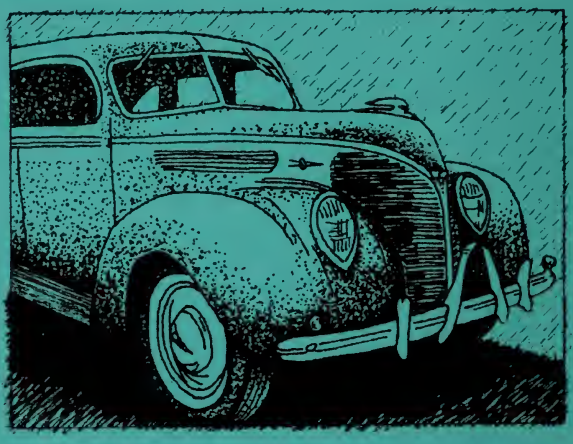
Motor Vehicle Excise

Under MGL Chapter 60A, all Massachusetts residents who own and register a motor vehicle must annually pay a motor vehicle excise. Also, under MGL Chapter 59, Section 2, it is important to note that every motor vehicle, whether registered or not, is subject to taxation, either as excise or personal property, for the privilege of road use—whether actual or future. The excise is levied by the city or town where the vehicle is principally garaged and the revenues become part of the local community treasury.

Billing

Excise bills are prepared by the Registry of Motor Vehicles according to the information on the motor vehicle registration. They are sent to city or town assessors who commit them to the local tax collectors for distribution and collection of payment. Cities and towns may also prepare their own bills based on excise data sent by the Registry in conformity with Registry requirements.

Bill Computation



An excise at the rate of $25 per one thousand dollars of valuation (effective 1/1/81) is levied on each motor vehicle. Information on the value of a motor vehicle is accessed electronically through a data bank complete with valuation figures. Different sources provide the valuation figures depending upon whether the motor vehicle is an automobile, a truck, a motorcycle, or a trailer. For example, automobile valuations are derived from figures published in the National Automobile Dealers Association Official Used Car Guide (NADA), to which the Registry has electronic access. Most public libraries have copies of NADA and other motor vehicle official guides.

Figures are the manufacturers' list prices for vehicles in their year of manufacture. Present market value, price paid, or condition are not considered for excise tax purposes. The excise tax law (M.G.L. c.60A, s.1) establishes its own formula for valuation for state tax purposes whereby only the manufacturer's list price and the age of the motor vehicle are considered. The formula is as follows:

In the year preceding the designated year of manufacture (brand new car released before model year) 50%

In the designated year of manufacture 90%

In the second year 60%

In the third year 40%

In the fourth year 25%

In the fifth and succeeding years 10%

Every motor vehicle owner must pay an excise tax based on valuation of at least ten percent of the manufacturer's list price; thus, owners of vehicles older than five years should have a fixed excise tax bill for succeeding years of ownership. Even though an owner may have applied for an abatement which may reduce an excise tax bill, no excise shall be less than $5.

Proration

Excises are prorated on a monthly basis. If a motor vehicle is registered after the beginning of any calendar year, no excise will be imposed for those months, if any, which have fully elapsed before the vehicle is registered. If a vehicle is registered for any part of a month, however, the excise will be due for all of that month. The annual excise due on a car registered after January 1 will be reduced, therefore , by one twelfth of the full year's excise for every month prior to the one in which the vehicle was registered.

Collection

Local tax collectors are responsible for collecting the motor vehicle and trailer excise. Collectors may appoint deputy tax collectors or may enter into agreements with collection agencies to assist them in the collection of delinquent accounts. Money collected on all bills, excluding deputy tax collectors' fees, is put into the municipal treasury. Generally, tax collectors and deputy tax collectors do not accept partial payment of an excise bill. Taxpayers should be prepared to pay the full amount due. There are no special considerations for financial hardship.

Payment

Payment of the motor vehicle excise is due 30 days from the date the excise bill is *issued* (not mailed, as is popularly believed). According to Chapter 60A, Section 2 of the Massachusetts General Laws, "Failure to receive notice shall not affect the validity of the excise". A person who does not receive a bill is still liable for the excise plus any interest charges accrued. Therefore, it is important to keep the Registry, local assessors, and the post office informed of a current name and address so that excise bills can be delivered promptly. All owners of motor vehicles must pay an excise tax; therefore, it is the responsibility of the owner to contact the local assessor if he/she has not received a bill.

Penalties for Non-payment

If an excise is not paid within 30 days from the issue date, the local tax collector will send a demand, with a fee for $5. In addition, interest will accrue on the overdue bill at an annual rate of 12 percent from the day after the due date.

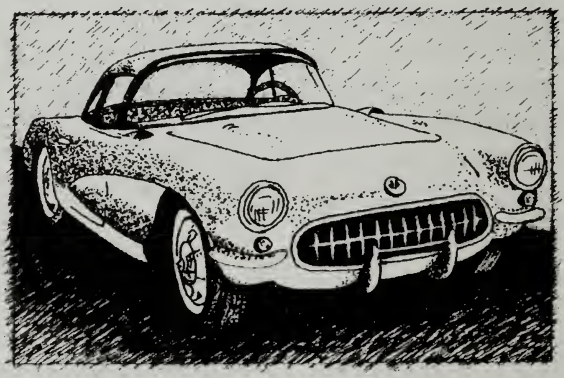
If the demand is not answered within 14 days, the collector may issue a warrant to the deputy tax collector or an appointed agent, which carries another $5 fee. The deputy tax collector (or agent) issues a warrant notice at a cost of $9. If there is still no response, a final warrant, a service warrant, will be delivered or exhibited to the taxpayer at his/her residence or workplace, at a fee of $14. All interest and penalties should be clearly stated on the bill.

Non-Renewal of Registration and Driver's License

According to a Supreme Judicial Court ruling in April, 1996, cities and towns must issue a final notice to the taxpayer stating that they plan to ask the Registrar of Motor Vehicles to prohibit renewal of his/her registration until the excise bill is settled. If the notice goes unanswered, such a request will be made. The Registrar may then prevent renewal of the vehicle registration along with the owner's driver's license until receiving notice that the bill has been paid.

If a taxpayer finds him/herself in this situation and has been refused renewal of a registration or license, he/she may remedy the matter by making full payment on the bill, including all fees and penalties which will include a $20 release fee. Once the bill has been paid, the municipality will give the motorist a receipt to show the Registry of Motor Vehicles as proof of payment. At this point he or she can reregister the vehicle. Although the local tax collectors do notify the Registrar electronically that the matter has been resolved, they do so only periodically, causing a delay. This is why it is so important to retain one's receipt.

Vehicle owners should be aware of the fact that the excise tax law gives tax collectors six years from the date a bill is issued to notify the Registry of nonpayment (M.G.L. c.60A, s.2A), unless the tax record shows a history of nonpayment. If the tax record does indicate a history of nonpayment, the tax collectors can electronically mark the driver's record and institute proceedings to collect for as many years back (in other words, beyond six) as necessary and notify the Registry. The driver's ability to renew his or her license will be hampered.



Abatements

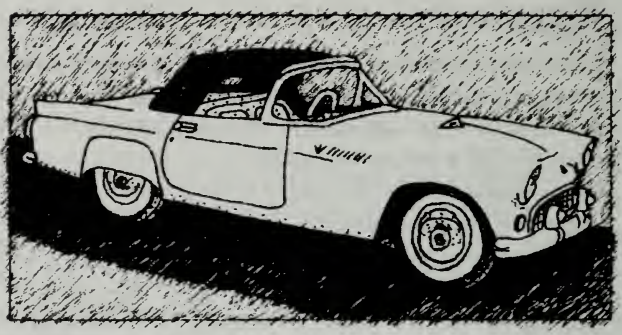
If an owner of a motor vehicle thinks that he/she is entitled to an adjustment of his/her excise bill, it is strongly recommended that he/she pay the bill in full, then contact the local Board of Assessors for an application for abatement. Although payment of a bill is not a precondition for an abatement, an owner risks incurring late fees and penalties if an abatement is not granted. Applications for abatement must be received by the assessors by December 31 of the year following the year of the tax. If the bill is mailed after December 1 of the year following the tax year, application must be made on or before the 30th day from the date of issue or the date of mailing, whichever is later. Abatements can be handled through the mail; however, the bill should be paid as assessed and a refund will follow if the abatement is granted.

Abatements can be filed if the owner believes the assessment is incorrect, or if the vehicle was sold during the year in which it is being taxed and the registration was properly cancelled, or if the owner moved, registered the vehicle in another state, and cancelled the registration in Massachusetts, or did not renew the registration in Massachusetts. If the registration is cancelled, it is most important to return the plate(s) to the Registry of Motor Vehicles and to obtain a return plate receipt. When an abatement is granted, excise bills are prorated by the month, thus the owner is responsible for the excise accrued through the month in which the car was last registered to him/her.

If the application for abatement is denied at the local level or if a decision is not made within three months of filing, the denial can be appealed to the State Appellate Tax Board. Any abatement granted by the State Appellate Tax Board because of overpayment shall be refunded by the city or town treasurer accompanied by six percent interest, calculated from the date of payment of the excise to the date the refund is paid. No interest is due the taxpayer if the abatement is granted by the Board of Assessors. No abatement can reduce a tax to less than $5, and no abatement of less than $5 will be granted.

If You've Moved

If a motor vehicle owner moves within Massachusetts and has not paid an excise tax for the current year, he/she should immediately notify the local assessor of his/her new address. The owner must pay the motor vehicle excise to the city or town in which he/she resided on January 1. If the owner moved before the first of the year, he/she must pay the tax to the new community to which the owner moved. If the owner did not notify the Registry, the local assessor, and the post office that he/she moved before the first of the year, it may be necessary to file for an abatement with the former city or town which had sent the excise bill. Most cities or towns will dismiss the bill and reroute it to the new community once the owner furnishes proof that he/she had moved before the first of the year.



If the owner of a vehicle moves out of Massachusetts and registers his/her vehicle in another state and cancels his/her Massachusetts registration or does not renew the Massachusetts registration, he/she can file an application for an abatement for that portion of the year after the month in which the motor vehicle was registered in the new state or in which the Massachusetts registration was cancelled, whichever is the later. Please note that it is necessary for a person who has moved out-of-state to cancel the registration in MA and obtain a plate return receipt in order to avoid problems with an excise tax abatement application or future registration in the new state, unless the new state as a general policy confiscates the plates from the old state (MA, i.e.). In such a case, the owner is still required to cancel the registration from MA, but no plate return receipt is required if proof of registration in the new state is presented.

If Your Motor Vehicle is Sold

If an excise bill is received for a vehicle or trailer which has been sold, the seller must return the plate(s) to the Registry of Motor Vehicles, get a return plate receipt, and file an application for abatement together with the return plate receipt and the bill of sale with the Board of Assessors. The bill will be adjusted to reflect the portion of the year when the vehicle was owned by the recipient of the bill.

It is important to remember that the bill for a vehicle you no longer own should not be ignored.

If Your Motor Vehicle is Traded

If an excise bill is received for a vehicle which was traded and which was not owned in the calendar year stated on the bill, it is recommended to pay the bill and then file an application for abatement with the Board of Assessors. The application must accompany a copy of the registration for the new vehicle which indicates the date of transfer.

If an excise bill is received for a vehicle which was traded but which was owned for a portion of the calendar year stated on the bill, it is necessary to pay the bill and then provide a copy of the registration for the new vehicle which indicates the date of transfer together with an application for abatement to the Board of Assessors. The board can then adjust the bill to reflect the ownership for only part of the year, and grant the proper abatement. The bill on the trade-in vehicle is prorated back to the last day of the month prior to the one in which the vehicle's registration was

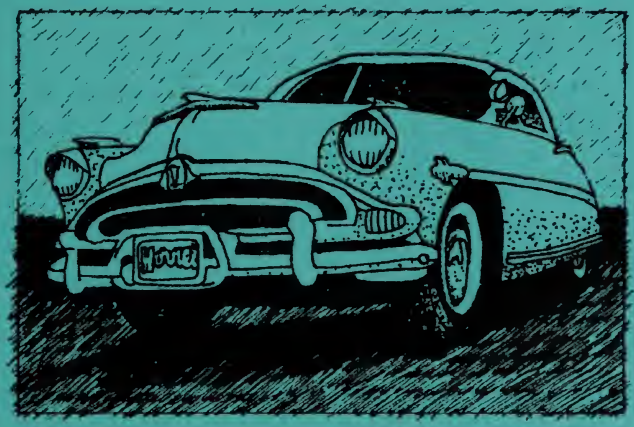
cancelled and the excise bill on the new vehicle will be prorated as of the beginning of the month in which the vehicle was registered.

If Your Motor Vehicle is Stolen

If the vehicle is stolen and not recovered within 30 days, the owner will be entitled to an abatement if the theft of the vehicle was reported to the local police within 48 hours of discovery of the theft. After 30 days, the owner must surrender the certificate of registration and obtain a certificate from the Registry of Motor Vehicles indicating that he/she has done so. This certificate and the local police report of the theft should be presented to the Board of Assessors with an application for abatement. The board will adjust the bill and grant an abatement for the remaining portion of the year. If the motor vehicle or trailer is subsequently recovered and reregistered, another excise bill will be issued for the remainder of the year. Falsely reporting the theft of a motor vehicle or trailer will result in severe penalties and a person may be charged up to three times the excise due on the vehicle for an entire year.

Excise Tax Exemptions

Chapter 60A, Section 1 of the Massachusetts General Laws provides excise tax exemptions for vehicles owned by certain disabled individuals and veterans, ex-prisoners of war and their surviving spouses* and certain charitable organizations. Please contact your local assessor for further details on eligibility.



**For ex-prisoners of war and their surviving spouses, the law allowing the exemption for the motor vehicle excise must be accepted by the city or town to be applicable.*

For More Information

Questions about your motor vehicle excise should be directed to your local Board of Assessors. It is best to put all questions in writing and to request a written response so that procedures are clearly defined should additional difficulties arise. It is also important to remember that deputy tax collectors or collection agencies are agents of your local tax collector. Complaints concerning the performance of their duties should therefore be directed to your local tax collector.

Important Reminder

Remember that when you register a motor vehicle, a motor vehicle excise bill is generated and you are responsible for its payment. If you move within Massachusetts or out-of-state, if you sell or trade your motor vehicle, or if it is stolen, you need to make every effort to obtain the bill, to pay it, and then to apply for an abatement if you are eligible.

And lastly, to avoid not receiving an excise tax bill on time, please keep the Registry, your local tax assessor, and the post office aware of your current mailing address.

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